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Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 15, 2013

Certified Return Receipt
7011 0110 0001 3568 0604

Mark Carter
MMG Mining
3655 Lupin Way
St. George, Utah 84790

Subject: Division Directive, MMG Mining, Bald Knoll Mine, S/025/0012, Kane County, Utah

Dear Mr. Carter:

You are required to provide reclamation surety to replace your expiring letter of credit with The Village Bank and to finish reclamation of your Bald Knoll mine as soon as weather permits. The mine was inspected on November 28, 2012. It has been partially reclaimed, and the required amount of surety has been reduced accordingly.

By January 18, 2013, you are hereby directed to submit an acceptable form of surety in the amount of \$12,000.00.

The surety may be in the form of a certificate of deposit, a letter of credit, cash, or a surety bond. Please contact Penny Berry at 801-538-5291 if you have questions about replacing your surety.

If you fail to provide the replacement surety by January 18, 2013, the Division will submit a demand to The Village Bank for the full amount of the existing letter of credit. The Division will also issue a cessation order which will result in a fine.

If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Peter Brinton at 801-538-5258. Thank you for your help in completing this very important requirement.

Sincerely,


Paul B. Baker

Minerals Program Manager

PBB:pnb:pb

cc: John Blake, SITLA

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Bald Knoll Mine Reclamation Costs by Activity Type

Direct Costs			
Earthwork		81.0% of Direct Costs	\$ 6,397
Grading, Ripping	CAT D8	inc. idle time	\$ 6,397
Demo (minor demo included in Earthwork)		0.0% of Direct Costs	\$ -
Trash Removal (DOGM)		1.0% of Direct Costs	\$ 75
Load Trash	By hand	included in Mob/Demob	\$ 50
Haul Trash	Pickup truck		
Trash Disposal	Landfill	estimate	\$ 25
Vegetation		18.0% of Direct Costs	\$ 1,423
Purchase Seed	GBRC, Alison Whitaker	good assumptions	\$ 350
Seeding Work (DOGM/BLM)	1 DOGM Recl. Specialist III	good assumptions	\$ 315
Seeding Mob/Demob (DOGM/BLM)	1 DOGM Recl. Specialist III	from DNR, SLC	\$ 757

Indirect Costs			
Mob/Demob		31.9% of Direct Costs	\$ 2,519
Distance (from Salina, UT)		155 mi	
1-Way Travel Time (from Salina, UT)		6.0 hrs (incl. load/unload, oversize load time, etc)	
Dozer (CAT D8)			\$ 2,519
Planning, Site Visits, & Contracting		14.1% of Direct Costs	\$ 1,111
DOGM Office (meetings, calls, etc)		good assumptions	\$ 764
DOGM Site Visits	w/o seeding work/mob	from DNR, SLC	\$ 347

Cost Summary	
Direct Costs	\$ 7,894
Indirect Costs (including Mob/Demob, Planning, Site Visits, & Contracting)	\$ 3,630

Total Project Cost (rounded up to the nearest \$1000)	\$ 12,000
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